REMARKS

Claims 23-46 are pending in the above-mentioned application. The Office Action has rejected claims 23-46. Claims 47-49 have been added.

In particular, in items 3-11, the Office Action has rejected claims 23-32, 35-40 and 45-46, under 35 U.S.C. Section 103(a) as being obvious over Fernandez-Holmann, U.S. Patent No. 5,787,404. The Office Action has also rejected, in item 12, claims 33, 34 and 41-44 as being obvious over Fernandez-Holmann (FH) in view of Simpson, U.S. Patent No. 6,070,153. Reconsideration and further examination is respectfully requested.

REJECTION OF INDEPENDENT CLAIMS 23, 36 AND 45 (OFFICE ACTION ITEMS 4 AND 5)

The Office Action has cited the Fernandez-Holmann reference for teaching the element of Applicants' invention except for the limitation that the "establishing a credit card account with the credit card issuer for a credit card holder having an account at a particular lending institution for an installment loan that requires a fixed number of periodic equal-sized payments to retire the loan," as recited in claim 23, 36 and 45. The Office Action alleges that it would have been obvious to one of ordinary skill in the art to add home mortgage accounts to the investment teachings of Fernandez-Holmann. Applicants respectfully submit that it would not have been obvious to do so given the teachings of Fernandez-Holmann.

Fernandez-Holmann relates to the funding of an investment account such as is used for retirement or pension plans. FH, Col. 1, lines 6-7. The reference teaches that many people with sufficient disposable income for making contributions to a retirement account have difficulty funding such accounts because of unpredictable cash flows. FH, Col. 1, lines 31-33. To help provide flexibility for the consumer with respect to these cash flows, the reference teaches the use of a credit card account for making a deposit to the investment account. FH, Col. 1, lines 47-53, Col. 2, lines 35-38. When the credit card account is so used, the amount of money funded is *charged* against the credit account of the credit card holder. FH, Col. 2, lines 35-38. Thus, the funding of the investment account via the credit card account incurs a debt to the credit card holder. Furthermore, a fee such as a service charge or interest is charged against the credit card account of the credit card holder when the credit card issuer funds the investment account in any given period. FH, Col. 2, lines 41-44. This incurs an additional debt.

Because of the possibility that such debt on the credit card can accumulate over time and that the credit card holder may default on his obligations to the credit card issuer, it may be necessary for the credit hard issuer to invade the investment account. FH, Col. 4, lines 51-57, Col. 7, lines 14-24. In fact, because the credit card holder is only required to make minimum payments to the credit card account, it is likely that the credit card holder will incur substantial debt in funding a retirement account from his credit card account. FH, Col. 5, lines 26-35. Because finance charges typically exceed those earned on an investment, it is very possible that the charges on the credit card from funding the investment account will exceed the amount in the investment account. In other words, the invention of the Fernandez-Holmann reference would probably lead the credit card holder into a substantial amount of debt. This result is the very antithesis of Applicants' invention, which seeks to reduce the costs of the installment loan and thus retire the installment loan debt more quickly.

Applicants' invention recognizes that a small payment to principle, in addition to the periodic payments required to service the installment loan, are a very powerful tool for retiring debt early, especially if those payments come from a benefit earned on credit card purchases that would have been made anyway. For example, an additional payment of $500/year made to the installment loan can substantially shorten the time it takes to payoff the loan by a significant number of payment periods and substantially reduce the interest costs of the loan. Applicants' specification, page 1, lines 15-21. In the example used previously, for $100,000 of principle and an interest rate of 10%/year, an extra $500/year payment on the loan decreases the term from 360 periods to 288 periods and reduces the interest cost of the loan by about $51,000. This is an important advantage of the present invention that is not recognized or even contemplated by the Fernandez-Holmann reference.

Therefore, Applicants submit that the Fernandez-Holmann reference does not teach or suggest the limitations "establishing a credit card account on a credit card issuer computer system for a credit card holder having an account at a particular lending institution for an installment loan that requires a fixed number of periodic equal-sized payments made by the credit card holder to retire the loan...transferring the installment loan benefit amount to the installment loan lender to apply, as an additional payment, against the outstanding principle on the installment

loan account at the particular lending institution, if the credit card account is in good standing and there is an outstanding balance, so as to reduce the cost of the installment loan."

Furthermore, Applicants submit that, given no teaching or suggestion in the Fernandez-Holmann reference regarding making additional payments on an installment loan, one of skill in the art having the objective of reducing the debt load of the consumer would hardly have looked to modify the teachings which have the purpose, in part, of increasing the debt load of the consumer. Therefore, it would not have been obvious to one of ordinary skill in the art to have added home mortgage accounts to the investment teachings of Fernandez-Holmann.

ITEM 6

The Office Action has stated that the Fernandez-Holmann reference does not teach the limitation "determining whether there is an outstanding balance on the credit card holder's installment loan at the particular lending institution," but that it would have been obvious to one of skill in the art to have modified the reference to have the stated limitation. Applicants respectfully disagree, as there is no teaching or suggestion in the Fernandez-Holmann reference regarding the retiring of an installment loan by means of activity from a credit card account. As explained above, the reason is that the Fernandez-Holmann reference has the purpose, at least in part, to increase the amount of debt on the credit card and thus the debt load of the consumer.[1] This purpose is the opposite to that of the present invention, which seeks to reduce the debt load of the consumer. Therefore, Applicants submit that it would not have been obvious to have modified the Fernandez-Holmann teachings to have the stated limitation.

ITEM 7

The Office Action has stated that the limitation "credit card issuer computer system" is given no patentable weight because it is an ownership limitation. Applicant respectfully submits that the limitation is important because it serves to make clear that the activities occurring on the credit card issuer computer system are not being carried out by the provider of the installment loan. Therefore, Applicant believes that the limitation should be given patentable weight.

[1] Most likely, the Fernandez-Holmann reference does not consider this a problem, because the consumers that are targeted for their invention are presumably ones with incomes that can afford the increased debt load. Otherwise, the consumer would not be funding a retirement account.

ITEM 8

The Office Action has alleged that the Fernandez-Holmann reference teaches the limitations of claim 28, which recites "wherein transferring the installment loan benefit amount is performed periodically." Applicants respectfully submit that the cited portion of the reference does not teach the stated limitation because there is no concept of an "installment loan benefit amount" in the reference. This benefit amount refers to not just a benefit amount derived from credit card purchases but the benefit achieved from an additional payment of principle on the installment loan account. Therefore, the reference does not teach or suggest the limitations of claim 28.

The Office Action has alleged that the Fernandez-Holmann reference teaches the limitations of claims 31 and 39. Applicants submit that claims 31 and 39 are not taught at least because the limitations of claims 23 and 36, from which they respectively depend, are not taught by the reference.

ITEM 9

The Office Action has alleged that the limitation "determining if the loan has been refinanced," as recited in claims 24, 37, and 46, is not taught. Applicant respectfully submits that the reference does not teach the stated limitation because the reference does not contemplate that the possibility of an installment loan receiving a benefit from a credit card account. Because of this, the reference does not contemplate determining whether the loan has been refinanced as part of determining whether there is an outstanding balance on the installment account. This is important to Applicants' invention because installment loans can frequently be refinanced to get better terms, causing the installment loan to, in effect, move to a different lender. In order to properly determine the status of the installment loan, the new lender must be found and the status of the loan at that lender determined. The reference contemplates no such limitation.

ITEM 10

The Office Action has alleged that the limitation that the benefit amount is transferred by either wire and/or check. Applicant respectfully submits that the reference is silent on the issue.

The reference never discusses the mechanics of funding the retirement account from the credit card account. Therefore, the reference does not teach the limitations of claims 25, 26 and 27.

ITEM 11

The Office Action has alleged that it would have been obvious to make the payment period one year. Applicant respectfully submits that the Fernandez-Holmann reference does not contemplate such an infrequent payment period, because the reference does not contemplate the large benefit that occurs from a small yearly payment of an additional amount on the principle of an outstanding loan. Instead, the reference is more concerned with monthly activity. Therefore, the reference does not teach the limitations of claims 29-32, 35 and 38.

REJECTION OF CLAIMS 33, 34, 41-44 (ITEM 12)

The Office Action has alleged that the above claims are obvious over Fernandez-Holmann in view of Simpson.

Regarding claim 33, which recites "wherein calculating an installment loan benefit amount is performed by calculating a straight percentage of the amount of any interest charged to the credit card holder by the credit card issuer on the value of the goods and services purchased by the credit card holder," Applicant submits that the combination of Fernandez-Holmann and Simpson does not teach the recited limitation, at least because the proposed combination does not teach the limitations of claim 28.

Regarding claim 34, Applicant respectfully submits that the proposed combination does not teach or suggest the limitation recited therein at least because the proposed combination does not teach or suggest the limitations of claim 28. Additionally, there is nothing in the proposed combination that teaches or suggests the use of thresholds to determine the loan benefit amount, as recited in claim 34.

Regarding claim 41, Applicant respectfully submits that the proposed combination does not teach or suggest the limitation recited therein at least because the proposed combination does not teach or suggest the limitations of claim 36.

Regarding claims 42, 43, and 44, Applicant respectfully submits that the proposed combination does not teach or suggest the limitation recited therein at least because the proposed

combination does not teach or suggest the limitations of claim 36. Additionally, the proposed combination does not teach or suggest the use of thresholds to determine the benefit.

In light of the above, Applicants believe that claims are in good form for allowance which is respectfully requested.

Respectfully submitted,

Dated: July 20, 2004

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CERTIFICATE OF MAILING (37 CFR 1.8(a))

I hereby certify that this paper (along with any referred to as being attached or enclosed) is being deposited on July 20, 2004, with the U.S. Postal Service as first class mail in an envelope addressed to: Mail Stop Fee Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA, 22313-1450.

Date: July 20, 2004

Yolette Yturralde-Owen